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OVERSEAS COMPENSATION STUDY PROJECT

1. Objective

The objective of this project is, after further analysis and evaluation of the complex array of policies and practices^{1/} relating to the several forms of compensation to overseas employees, to develop a plan, including administrative and legislative proposals, for a compensation system which would be reasonably uniform and yet adaptable to varying situations and which would provide minimum essential incentives as an aid in the recruitment and retention of qualified employees.

2. Scope of project

Compensation for personal service overseas consists of the sum of a number of payments and services including the following:

- a. Base pay
- b. Allowances and differentials
- c. Retirement and disability compensation
- d. Employee services
- e. Leave (annual, sick and home)

Experience has demonstrated the impossibility of adequately dealing with any one of these elements without full consideration of the others. For example, base pay determination is distorted in systems covering both classified and prevailing wage-type positions where proper consideration is not given to allowances and differentials. Allowances and differentials cannot be assessed properly without an evaluation of employee services, where provided, such as free medical attention, educational facilities for children, commissary and purchasing privileges, etc. A retirement system for Foreign Service Officers, more liberal than that provided for Federal employees in the United States, has been developed on the grounds, among others, that the financial demands of career service abroad prevent accumulation of savings and the opportunity to purchase a home - a need which might be met within the area of allowances. Provision of certain employee services is closely related and may be an alternative to the granting of some of the allowances. Annual, sick and home leave policies must be measured in terms of salary cost to the Government and are inter-related with other forms of overseas compensation.

Until factual data are gathered in all of these, and possibly in other related areas, objective policy determinations are exceedingly difficult if not impossible. It is, therefore, planned to combine these five areas

^{1/} See BB-CSC joint report "Overseas Pay and Personnel Practices," April 1, 1952, for enumeration and preliminary characterization of policies and practices.

3. Information available

A background of information is available in the Overseas Pay and Personnel Practices Report prepared by the Bureau and the Commission and submitted to congressional committees April 1, 1952. Supplementing this report are the detailed replies to a questionnaire furnished by about 70 bureaus and agencies having overseas personnel.

Additional important information is available in the files of the Bureau in the form of legislative proposals submitted by the agencies and previous studies made by the Bureau, Commission, Defense Department and other agencies and groups.

4. Additional information needed

During the preparation of the report on Overseas Pay and Personnel Practices, many questions arose regarding the validity of information furnished by the agencies. Both staff and consultants who had had experience abroad had reason to doubt that full information, at least in certain areas, was available to those who prepared answers to the overseas personnel practices questionnaire. Time and staff resources did not permit thorough investigation. Before recommendations can be made more comprehensive, information should be obtained where needed.

5. Project organization and procedure

- a. Leadership. Responsibility for developing the planning and execution of the project is being undertaken by the Office of Management and Organization of the Bureau of the Budget. Interested divisions will be kept fully informed, and will be called in as appropriate.
- b. Agency participation. Agencies will be asked to assist in the development of project plans, to advise on administrative and legislative recommendations and to assign such staff as may be necessary to work up the data necessary for identification and analysis of issues.
- c. Procedure. The major points relating to compensation for overseas personnel will be analyzed and a determination made as to availability and adequacy of needed factual information. Where necessary, agencies will be requested to obtain additional data. After full analysis and discussion of the issues with agencies concerned and the interested Budget Bureau divisions, decisions will be made concerning developing recommended administrative and legislative documents.